

Falconbridge Limited

Revised December 29, 1986 (IMC)
 Destroy all previous Basic and White
 cards on this Company

CUSIP Number 306099

Stock Symbol FL

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THE COMPANY directly operates producing nickel-copper mines and a smelter in the Sudbury area, Ont., and through subsidiaries a refinery at Kristiansand, Norway, and a ferronickel mining and metallurgical complex in the Dominican Republic. Through subsidiaries, affiliated companies and other investments, the company also has interests in production of a wide range of minerals, metals and other products. Extensive worldwide exploration is also carried out.

Fiscal Year	L-term Debt	Working Capital	COMPARATIVE DATA				Earnings Per Sh.	Divids. Paid	Price Range	
			Revenue	Cash Flow▲	Net Inc. Oper.				High	Low
	\$	\$	000's	\$	\$		\$	\$	\$	\$
1985....	298,244	534,105	890,247	126,812	38,543		0.95	.....	21.50	15.50
1984....	297,862	414,661	733,312	128,918	28,694		0.80	.....	17.60	11.15
1983....	473,225	431,562	615,387	14,426	d3,542		d0.54	.....	17.60	9.48
1982....	485,646	341,551	483,126	d90,999	d85,254		d3.42	.....	14.80	6.50
1981....	484,036	473,170	712,952	49,968	d3,902		d0.16	0.30	23.20	11.40

*Designated class A and B convertible shares Apr. 17, 1977 to Apr. 15, 1980; adjusted throughout to reflect 5-for-1 split, May, 1985. ▲Cash provided by operating activities beginning in 1985.

CONSOLIDATED CAPITALIZATION AT DECEMBER 31, 1985			
	Outstanding		%
Long-term debt	\$298,244,000		28
Common stock□	41,750,655 shs.	318,307,000	29
Retained earnings		437,734,000	40
Cumulative translation adjustment		30,144,000	3

□ Including 156,830 shares (\$2,541,000) to be issued; excluding 143,620 shares (\$2,746,000) held by a subsidiary.

SUMMARY STATEMENT

For the nine months ended Sept. 30, 1986, net loss, operations amounted to \$21,613,000 or 37 cents per share, compared with net income of \$30,943,000, or 77 cents per share, for the corresponding year earlier period. Extraordinary gains of \$85,787,000, or \$1.48 per share, brought net income for the 1986 period to \$64,174,000, or \$1.11 per share; there were no extraordinary items in 1985. Revenues rose 29% to \$861,034,000 from \$667,305,000.

Financial results for the year ended Dec. 31, 1985, showed net income, operations up 34% from the previous year. Extraordinary items increased 1984 net income to \$80,186,000, or \$2.23 per share; there were no such items in 1985. Revenues were up 21% in 1985.

The acquisition of Kidd Creek Mines Ltd. from Canada Development Corporation was completed in March 1986 for \$615,000,000.

Investments sold in 1986 have included 56.7% interest in Kiena Gold Mines Ltd. for net gain of \$42,000,000; 19.2% interest in Giant Yellowknife Mines Ltd. and 36.7% interest in Akaitcho Yellowknife Gold Mines Ltd. for combined net gain of \$8,000,000; and 50% interest in Corporation Falconbridge Copper for net gain of \$35,987,000.

Financing in 1986 has included sale of 6,600,000 shares at \$20.75 per share (5,000,000 to the public and 1,600,000 to major shareholder Dome Mines Ltd.) for \$137,000,000.

A secondary offering of 6,982,378 units was made by Canada Development Corporation in October 1986 at \$20.25 per unit. Each unit comprised one Falconbridge share and one-half a deferred payment right. Two rights entitle the holder to buy one Falconbridge share at \$19.75 to Dec. 31, 1987.

Re-acquisition of 24% interest in Western Platinum Ltd. was effected in November 1986. Falconbridge now holds 49% interest in this South African platinum-nickel producer.

N.B. — For quick reference data and index, see page 2.

The Financial Post

INFORMATION SERVICE

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QUICK REFERENCE DATA

Major Shareholder—At March 10, 1986, Canada Development Corporation held 17.8% interest (since sold) and debentures convertible into a further 17.3% interest; McIntyre Mines Ltd. held 15.7% interest; and Dome Mines held 8.2% interest.

Employees—10,800 at April 16, 1986.

Incorporation—Ontario charter, August 28, 1928.

Auditors—Clarkson Gordon, C.A., Toronto.

Fiscal Year Ends—December 31.

Annual Report Appeared—In March in 1986.

Annual Meeting—April 16 in 1986.

Listed—FL, Toronto, Montreal and Vancouver Stock Exchanges; FALCF, NASDAQ.

Shareholders—4,579 at December 31, 1985.

Transfer Agents and Registrars—The Canada Trust Company, Toronto, Montreal, Vancouver and Calgary; Registrar and Transfer Company, New York, N.Y. and Cranford, N.J., U.S.A.

Rank in FP 500—102 by sales; 73 by assets.

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COMPANY

The company owns and operates producing nickel-copper properties, two concentrators and a smelter in the Sudbury district of Ontario. The nickel-copper matte produced is shipped to the company's subsidiary in Norway for refining. Refined products are marketed chiefly in Europe and the United States. The company is now capable of producing some 100,000,000 lbs. nickel per annum.

A majority owned subsidiary, Falconbridge Dominicana, C. por A., is a major producer of ferronickel in the Dominican Republic. All production is sold under contract to Falconbridge Nickel Ltd.

In 1986, Falconbridge acquired Kidd Creek Mines Ltd. (a base-precious metals producer with operations in the Timmins area, Ont.) from Canada Development Corporation for \$615,000,000.

The company's Indusmin Division produces syenite, silica, ferrous alloys, steel castings and aggregates in Ontario and Quebec.

A wholly-owned subsidiary, Falconbridge Investments (Zimbabwe) (Private) Limited, formerly Blanket Mines (Private) Limited, operates a producing gold mine in Rhodesia.

Western Platinum Limited (49% owned) produces platinum group metals and nickel at its mine in South Africa.

Products of Falconbridge and affiliated companies include nickel, ferronickel, copper, cobalt, gold, silver, platinum, palladium, iridium, rhodium, ruthenium, selenium, lead, iron ore, zinc, cadmium, nepheline syenite, silica, feldspar, mica, limestone aggregates, liquid sulphur dioxide, carbon and high-alloy steel castings, and other products for consumer and industrial use.

Interests are also held in numerous other properties, mineral producers and mining exploration companies. (See Outside Exploration, Wholly-Owned Subsidiaries and Other Interests.)

MARKETING AND SALES

The Falconbridge group of marketing and sales companies includes Falconbridge U.S. Incorporated in Pittsburgh; Falconbridge Europe S.A. in Brussels; Falconbridge (Japan) Limited in Tokyo; Falconbridge Trading Associates in Dublin, Ohio; Arkay Metals (U.K.) Limited in London, Eng.; and Falconbridge International Limited in Hamilton, Bermuda. Sales in Canada, South America and the Far East are handled through the company's marketing and sales department in Toronto.

Falconbridge products, which included eight forms of nickel in 1985 as well as copper, cobalt, silver, gold, platinum, group metals, lead and zinc concentrates and sulphuric acid also are marketed through this group. The group also acquires raw materials for custom and toll treatment, acts as sales agent for toll and custom produced metals and conducts trading activities.

	Metal Sales		
	1985	1984	1983
	lbs.		
Refined nickel	120,372,000	86,908,000	85,412,000
Ferronickel	52,190,000	52,331,000	45,058,000
Copper	72,236,000	80,997,000	56,680,000
Cobalt	3,811,000	2,743,000	2,030,000

Note—Includes 4,079,000 lbs. nickel (5,667,000 in 1983), 3,192,000 lbs. copper (3,646,000); and 209,000 lbs. cobalt (298,000) refined and sold as agent.

Average Prices Received

	1985	1984
	US\$	
Refined nickel, lb.	2.35	2.35
Ferronickel, lb.	2.25	2.27
Copper, lb.	0.65	0.61
Cobalt, lb.	11.42	10.02
Gold, oz.	317.67	359.44
Silver, oz.	6.14	7.71
Platinum, oz.	282.58	344.31

CANADIAN NICKEL DIVISION

G. B. Reed, gen. mgr.,
Falconbridge, Ont. P0M 1S0

Properties

The main Falconbridge properties consist of patented and leased land in the Sudbury Basin, Sudbury mining district, northern Ontario.

The Sudbury holdings include: the main Falconbridge mine and the nearby East mine in Falconbridge twp.; Onaping, Fraser, North and Strathcona mines, in Levack-Dowling twps., about 40 to 45 miles west of the Falconbridge treatment plants; and the Lockerby mine in Denison twp.

Access to the main property is provided by motor road from Sudbury, 14 miles distant, and by railway spur lines. The other mines are also connected with each other and the city of Sudbury by railway and roads.

Other outside properties of the company include the former producing Hoyle gold property in the Porcupine district, Ontario; the former Pelletier Lake property in the Noranda area, Quebec; and extensive holdings acquired in the Manitowadge area, Ontario, during 1964. The company also holds, directly and indirectly, several large claim-groups in the Snow Lake area, Manitoba.

Various other properties are held by the company or by its subsidiary and associated companies. (See Outside Exploration, Wholly-Owned Subsidiaries and Other Interests.)

Plant and Equipment

Note—Falconbridge has been granted an exemption by the Ontario government until Dec. 31, 1989, from a requirement to process in Canada ores mined from certain properties of the company in Ontario applicable to the quantity of nickel-copper matte capable of producing not more than 100,000,000 lbs. refined nickel per year.

Milling and Smelting—The smelter (located at the Falconbridge mine) was completed in February, 1930, with a capacity of 325 tons of ore daily. Construction of new smelter and associated plant additions was completed in 1957, and a second furnace was installed early in 1965. Present rated capacity of the smelter is about 1,600 tons of concentrates daily.

The company currently has two concentrators, the Falconbridge and Strathcona, in use in the Sudbury area, Ontario. The Falconbridge mill started operating in 1933, and its capacity has been progressively increased from an initial 250 tons to its present rate of 3,000 tons daily. The 2,500-ton Fecunis mill commenced operations in 1957 and was placed on standby in 1975. In 1976, the Strathcona mill expansion to 8,500 tons per operating day from 7,200 tons per day was completed. In 1980, a new circuit for production of high grade copper concentrates was installed at Strathcona. The 1,500-ton mill at the Hardy mine, which started operating in 1955, was closed down in April 1972. In Manitoba, the 1,000-ton-per-day mill at the Manitowishago mine was closed in April, 1977.

Refining—The Norwegian refinery at Kristiansand, to which Falconbridge's production of nickel-copper matte is shipped for refining, has likewise undergone expansion, to bring its capacity to approximately 95,000,000 lbs. of nickel, 75,000,000 lbs. of copper, and 4,400,000 lbs. of cobalt annually; the refinery also treats purchased nickel-bearing materials.

A precious metals separation plant is also operated for the production of gold, platinum and palladium. In 1976, an inplant process was developed for refining rhodium, ruthenium and iridium metals which were treated formerly by outside sources. A plant for the recovery of liquid sulphur dioxide from roaster gases commenced operations in September, 1938.

Construction of a new chemical and research laboratory at Kristiansand was completed in 1967.

The 9,400-ton cargo ship M/V Falcon, especially designed to carry nickel-copper matte and finished products between Canada and Norway, completed her maiden voyage in October, 1968. The matte is transported by rail from the Falconbridge smelter to Quebec City. Previously, Falconbridge's matte had been shipped to Norway in package form by commercial carriers from Montreal, Que., and Halifax, N.S.

In December, 1972, the shutdown of the nickel-iron pellet refinery complex at Sudbury, Ont., was authorized by directors after two years of intensive effort failed to develop an economic operation. It was also necessary under the circumstances to purchase by agreement with Allied Chemical Canada, Ltd. its adjacent sulphur recovery plant, also shut down. The price paid for the latter amounted to \$12,400,000.

Research

The company operates a research laboratory at Thornhill, Ont., established in 1953. Research is also carried out by the company's subsidiary in Norway, and by Lakefield Research of Canada, another subsidiary.

In 1985, research and product development expenditures totaled \$6,300,000, almost double the \$3,200,000 spent in 1984. Organizational revisions begun in 1984 were continued and metallurgical technology and mining technology departments were separated.

Mining technology research included a study of rock-burst phenomena, and some \$1,000,000 was spent to install microseismic equipment at the Fraser, Strathcona, Lockerby and Onaping mines.

Metallurgical process improvements were directed toward enhancing environmental control (\$2,800,000 was spent on these programs), increasing recovery rates, reducing costs, and gaining higher production from treatment of secondary materials.

Development

In 1985, the East, Lockerby, North, Fraser, Strathcona, and Onaping mines were in production for the full year; the Falconbridge open pit commenced operations in June.

Falconbridge Mine—Developed by the No. 1, a 3-compartment shaft to 2,848 ft. with 15 levels, the No. 5, some 2,650 east of No. 1 a 5-compartment shaft to 4,200 ft. with 24 levels. The two shafts are interconnected on 12 levels between 500 and 2,800 ft. The No. 7 internal shaft extends from 2,450 ft. to 4,147 ft. and the No. 9 internal shaft extends from 4,025 ft. to 6,377 ft. opening 12 levels.

The mine was shut down in June, 1984, after 55 years, following a series of rockbursts which caused four fatalities. Subsequently, in June 1985, production commenced from the Falconbridge open pit.

East Mine—The No. 1 East shaft is 4,500 ft. east of Falconbridge No. 5, extends below 4,025 ft. and is connected to the No. 5 on four levels. An internal shaft extends from 4,025 ft. to 6,050 ft. The mine commenced production in 1954.

Onaping Mine—Developed by a 4,400 ft. shaft and an internal shaft extending to 5,696 ft. Operations commenced in 1961. The Onaping mine remained on standby from June 27, 1982 to 1984, when the mine was re-opened.

Fecunis Lake Mine—Developed, since 1958, by Inco from its adjacent Leavack property, the mine was placed on standby in 1976. An agreement was reached in 1978 exchanging remaining ore reserves for a portion of Inco's Coleman ore body adjacent to the workings of the Strathcona mine.

North Mine—Adjoins the northeast side of the Fecunis Lake mine. Production commenced in 1965. An internal shaft was sunk in 1969-70, connected to the Fecunis mine on 3,475 and 3,600-ft. levels, opening up new levels at the 3,775 and 3,990-ft. horizons.

Strathcona Mine—Located between the Fecunis Lake and former producing Longvack mine, the property is developed by a four-compartment shaft to 3,205 ft. A second shaft was completed at 3,144 ft. below collar in 1966. A shaft deepening program of the No. 1 shaft began in Dec. 1983 and was continued in 1984-85. Production commenced in March, 1968. The Strathcona mill was completed in 1968 and reached production capacity in 1969. In 1974-early 1975, the mill was expanded to accommodate ore from the Lockerby mine. Further mill expansion was completed in 1976. In 1984, a filter and load-out facility were installed, to increase production of copper concentrate as well as installation of an induction furnace for treating secondary materials for the smelter and completing the new sulphur dioxide monitoring system. A new high grade copper zone discovered at the Strathcona mine in 1980 is currently under development.

Fraser Mine—Located between the Strathcona and Fecunis Lake mines, the Fraser shaft was collared in 1970. Construction of a surface plant was largely completed by the 1970 year-end. The development program at the Fraser shaft was deferred from late 1971 until July, 1973, when shaft sinking was resumed. To Aug. 21, 1975, when sinking was suspended, the 5,565-ft. shaft was 84% completed. During 1975, an exchange-of-ore agreement involving the Fraser ore body was signed with Inco to permit the more efficient mining of an ore body which crosses the boundary between certain Falconbridge and Inco claims. Shaft sinking was resumed in August, 1976, and was completed to depth of 5,250 ft. by August, 1977, when underground development commenced. Sinking of the ventilation shaft was deferred at 1977 year-end. The development program which was slowed in 1978 was resumed in 1979-80 and accelerated. The mine was officially opened in September, 1981.

Lockerby Mine—This property is located in Deni-

son twp., about 20 miles west of Sudbury. Mining plant construction was started in 1968 along with other surface facilities. Sinking of a 4,325-ft. production shaft was started in March 1969 and was completed in April 1971; sinking of No. 2 shaft started in May. Following reassessment of the company's capital expenditure plans in the latter part of 1971, the Lockerby program was curtailed. In 1972, a ventilation shaft was completed to 3,600 ft. and in February, 1973, sinking of the No. 2 shaft was resumed and was completed in 1974. During 1975-76, development of the mine and installation of facilities continued. At year-end 1975, the mine was producing 16,000 tons per month. By year-end 1976, ore production had reached 40% of the scheduled full production rate. The mine was declared "in production", upon exceeding 60% of capacity in March, 1977.

Lindsley Mine—This property, located in Blezard twp., Sudbury district, formerly known as the Blezard property, had been scheduled to be brought into production early in 1974 with a full production rate of 1,750 tons per day. During 1970, a shaft was collared and construction of surface mine plant was started. The development program was deferred late in 1971.

Manibridge Property—Located in the northern Manitoba nickel belt, this property developed by a 1,400 ft shaft was in production from June, 1971 to April, 1977 when reserves were exhausted.

Ore Reserves

In the Sudbury area, proven and probable reserves have been as follows:

At Dec. 31:	Reserves	Metals Contained	
		Nickel	Copper
		000's tons	
1985	63,649	967	719
1984	69,491	1,049	771
1983	73,628	1,112	810
1982	77,314	1,160	820
1981	79,161	1,178	734
1980	78,649	1,180	613
1979	75,771	1,117	605

Production

For details of production see Operating Data and also Historical Summary.

KIDD CREEK MINES LTD.

Kidd Creek Mines Ltd. operates three producing base-precious metals mines and metallurgical facilities in the Timmins area, Ont., and conducts exploration programs across Canada.

Properties—The Kidd Creek, Owl Creek, and Hoyle Pond mines are all located north of Timmins, Ontario, within 17 km. of the company's metallurgical complex, accessible by company-built railroads.

Plants—Annual ore production capacity is 4,800,000 tons. Metallurgical facilities include a concentrator, a copper smelter, and a zinc plant.

The concentrator produces copper, zinc, and silver/lead concentrates at a rate in excess of 13,500 tons per day (5,000,000 tons per annum). The first unit began operating in November 1966; two additional units were added in 1967; and a fourth unit was completed in 1978.

Approximately two-thirds of copper concentrate production is treated at the Kidd Creek smelter to produce anodes, which are then converted to cathode copper in the refinery. The smelter/refinery complex began operating in late 1982 with a capacity of 65,000 tons of copper per annum; capacity has since been increased to 82,000 tons per annum.

In 1984, the company undertook a \$60,000,000 expansion program to increase capacity of the smelter/refinery complex to 99,000 tons per year by 1987.

Copper concentrate production not treated in the Kidd Creek smelter/refinery is toll-smelted and refined by Noranda Inc. or sold in the open market.

The zinc plant commenced operations in 1972 and currently has a capacity of 140,000 tons per annum, having been increased from 116,000 tons per annum in 1983-85.

Development—Work on the Kidd Creek zinc-copper-silver-lead orebody began in 1964. Production commenced in 1967, initially from open pit.

Sinking of the mine shaft was completed to 930 m in Aug., 1971. Underground production started during the second quarter, 1973. Six levels were established from 244 m below surface to 854 m at 122 m intervals. A winding decline ramp connects to the shaft on the 244, 366 and 488 m levels, and eventually will be driven to the 854 m level.

The open pit operation was terminated in 1977.

As part of a program to increase mine production to 4,355,000 tonnes of ore per annum, sinking of a second shaft commenced in early 1975 and bottomed at 1,550 m in Sept., 1977, with commercial production commencing in July 1981.

During 1981, the company began developing the Owl Creek open pit gold mine, and this property was brought into production early in 1982. Gold ore produced is sold to a toll processor.

Following an 18-month surface and underground exploration program undertaken in 1983 and 1984, the Hoyle Pond gold property was brought into production in 1985. Ore produced was processed through a custom mill. In 1986 the company planned to construct its own gold mill to process gold ores; cost was estimated at \$6,700,000.

Production—Production from the Kidd Creek mine in the last three years has been as follows:

Year	1985	1984	1983
Tons milled	4,997,000	4,975,000	4,763,000
Tons zinc conc.	182,000	233,000	177,000
Tons zinc	141,000	134,000	117,000
Tons copper conc.	17,000	33,000	30,000
Tons copper—			
Kidd Creek	77,000	75,000	28,000
Tolled	51,000	41,000	46,000
Tons silver/lead			
conc.	15,000	29,000	29,000
Ounces silver*	9,400	8,700	5,400
Tons sulphuric acid	543,000	456,000	356,000

*Including recoverable silver in silver/lead concentrates and other products.

Production at the Owl Creek mine in the last three years has been as follows:

Year	1985	1984	1983
Tons milled	261,000	294,000	267,000
Gold oz. produced	20,300	24,800	25,000

At the Hoyle Pond mine, 71,000 tons of ore were milled in 1985 to produce 25,400 oz. gold.

Ore Reserves—At the Kidd Creek mine, proven and probable reserves at Jan. 15, 1986, were estimated at 67,500,000 tons grading 5.2% zinc, 3.2% copper, 0.18% lead and 2.01 oz. silver per ton. Estimates include mineralization to a 4,600-ft. depth only.

At the Owl Creek mine, proven and probable reserves at Jan. 15, 1986, were estimated at 718,000 tons grading 0.12 oz. gold per ton.

At the Hoyle Pond mine, ore reserves at Jan. 15, 1986, were estimated at 220,000 tons grading 0.44 oz. gold per ton.

WESFROB MINING DIVISION

The Westrob Mining Division (formerly Westrob Mines Limited) holds an iron-copper property at Tasu, Queen Charlotte Islands, B.C., brought into production as an open-pit operation early 1967, at a total cost of \$44,596,000. Production of sinter concentrate commenced in April, 1967, and that of pellet iron concentrate and copper concentrate in the following month. Plant capacity is 8,000 tons per day. Underground mining operations commenced in 1973. All production ceased in October, 1983, upon exhaustion of economic ore reserves. For details of production see Operating Data.

OUTSIDE EXPLORATION

Exploration expenditures have been as follows:

1977	\$9,726,000	1982	\$28,800,000
1978	7,662,000	1983	19,000,000
1979	14,297,000	1984	23,900,000
1980	28,284,000	1985	34,400,000
1981	37,964,000		

In 1985, exploration activity was concentrated primarily on the search for precious and multi-metallic deposits in Canada.

Current programs include the following:

Ontario—In an effort to replenish ore reserves, surface and underground exploration was conducted in 1985 in the Lockerby, Lindsay and Onaping areas of the Sudbury Basin. Elsewhere in Ontario, regional exploration programs were carried out in the gold-producing belt between Matachewan and Kirkland Lake and in the Atikokan, Cameron Lake, Oba, Hemlo and Sturgeon Lake areas; work included surveys, drilling and bulk sampling.

At the Hoyle property near Timmins, diamond drilling outlined gold mineralization in several zones over a strike length of 610 ft. with grades varying from 0.17 to 0.44 oz. gold over widths from 5 to 28 ft. Mineable continuity of the mineralization has yet to be established.

Quebec—An underground exploration program at the Callahan property, adjacent to Kiena Gold Mines Limited, near Val d'Or, commenced in 1984. Falconbridge is operating a 51-49 joint-venture program with Corporation Falconbridge Copper. During 1985, a shaft was sunk to a depth of 911 ft. and a crosscut was extended 3,251 ft. north-northeast to the No. 4 zone. The shaft also allows underground access to three other smaller gold zones. Surface work also continued on other areas of the Callahan property.

British Columbia—Exploration programs in 1985 were carried out both on the mainland and on Vancouver Island. Encouraging gold values were encountered in drilling and trenching, but further work will be required to evaluate the potential of the properties.

Botswana—Under a joint venture agreement with De Beers Consolidated Mines Limited, Falconbridge has 50% interest and manages exploration programs in search for diamonds. Four new diamond-bearing Kimberlite pipes were discovered in 1985.

Falconbridge also has a joint venture interest in exploration of properties in the Francistown gold belt of Botswana.

INDUSMIN DIVISION

The Indusmin Division (formerly Indusmin Limited) produces non-metallic industrial minerals and specialty castings. Nepheline syenite and silica are produced by the Minerals Division which operates five open-pit mines and processing facilities in Ontario and Quebec; feldspar, mica, and silica are produced by a wholly-owned subsidiary, Indusmin Incorporated, in North Carolina; and specialty castings are produced by the Fahramet Division in Orillia, Ont.

During 1985, the company's limestone construction aggregates operation at Acton, Ont., was sold; and the nepheline syenite operation of IMC Industry Group (Canada) Ltd. at Blue Mountain, Ont., was acquired.

Earnings from operations totaled \$3,171,000 on revenues of \$60,780,000 in 1985, compared with \$6,350,000 on revenues of \$65,788,000 in 1984. No dividends were paid in 1985; in 1984 dividends totaled \$584,000.

WHOLLY-OWNED SUBSIDIARIES

Following are the names, addresses, chief officers or management of the principal wholly-owned subsidiaries as shown in the latest annual report.

Arkay Metals (U.K.) Limited—Blossoms Inn, 3/6 Trump St., London EC2 V8AR Eng. O. Gillie, commercial director.

Falconbridge International Limited—Barclay's International Building, Church St., 2nd Floor, P.O. Box 1151, Hamilton 5, Bermuda. J. A. Vermulen, pres. Marketing agent for the Falconbridge Group in areas other than the U.S. and Canada.

In 1985, this subsidiary signed an agreement with

BCL Limited of Botswana for delivery to the refinery at Kristiansand, Norway, of 6,500 tonnes of matte during 1985, 21,000 tonnes in 1986 and 42,000 tonnes per annum from 1987 to 1999.

Falconbridge Europe, S.A.—Chaussée de la Hulpe, 150-Bte. 15, B-1170 Brussels, Belgium. K. W. Troemel, pres. Controlled by Falconbridge International Limited. Engaged in marketing in Europe.

Falconbridge U.S. Incorporated—Twin Towers, Suite 245, 4955 Steubenville Pike, Pittsburgh, Pa. 15205. R. W. Bain, pres. Engaged in marketing and distribution for the Falconbridge Group in the U.S.

Falconbridge Nikkelverk Aktieselskap—Kristiansand S., Norway. E. Wigstol, man. director. Operates nickel refinery and research facilities and conducts exploration in Norway.

Falconbridge (Japan) Ltd.—Daichi Seimei Sohgo-kai Bldg., No. 7-1, 3-Chrome Kyobashi Chuo-ku, Tokyo 104, Japan. Hajime Amano, pres. Sales and marketing subsidiary formed in 1983.

Falconbridge Investments (Zimbabwe) (Private) Limited—(formerly Blanket Mine (Private) Limited)—P. E. Griffiths, gen. mgr. Owns the producing Blanket gold mine in Zimbabwe. Subsidiary **Golden Kopje Mine (Private) Ltd.** operates the producing Golden Kopje mine, also in Zimbabwe.

Operating data for recent years follows:

Year	Tons Milled	Gold Oz.	Revenue \$Cdn.
1977	154,000	18,400	3,348,000
1978	153,000	16,300	3,789,000
1979	150,000	15,000	5,382,000
1980	166,000	15,000	10,922,000
1981	168,000	17,000	9,401,000
1982	159,000	20,000	9,396,000
1983*	195,000	20,000	10,302,000
1984	243,865	24,812	11,594,000
1985	224,595	24,689	10,857,000

*Includes the Golden Kopje mine for the first time.

Net income for 1985 totaled \$1,500,000, compared with \$1,300,000 in 1984; Falconbridge received \$1,036,000 in dividends in 1985 against \$1,372,000 in 1984.

Falconbridge Trading Associates—6055 Tain Drive, Dublin, Ohio 43017. R. Paglieri, pres. Established in 1984 as a partnership formed from wholly-owned U.S. subsidiary, Falconbridge Metals Inc. and Alloys and Carbides, Inc. The partnership will secure raw materials for processing at either Falconbridge's Sudbury smelter or Norwegian refinery.

Kidd Creek Mines Ltd.—Acquired in 1986. Operates a producing base-precious metals mine in the Timmins area, Ont., and engages in mineral exploration programs across Canada. For details on this company's operations, see page 4.

OTHER INTERESTS

Falconbridge has an extensive investment portfolio. Listed below are its major partially-owned subsidiaries, associated companies and other investments:

Falconbridge Dominicana, C. por A.—This 67.1%-owned subsidiary, formed in 1956, is a major producer of ferronickel in the Dominican Republic.

Facilities are capable of producing 63,000,000 lbs. nickel in ferronickel per annum.

The nickel content, in pounds, of ferronickel delivered to Falconbridge (which purchases all production under contract) has been as follows in recent years:

1976	56,471,000	1981	41,180,000
1977	45,477,000	1982	12,090,000
1978	43,562,000	1983	46,742,000
1979	54,130,000	1984	53,394,000
1980	36,491,000	1985	56,883,000

Proven and probable reserves at Dec. 31, 1985, totaled 30,700,000 tons grading 1.92% nickel per ton, compared with 41,300,000 tons grading 1.77% nickel per ton a year earlier.

The accounts of the company are consolidated with those of Falconbridge (see Statement of Supplementary Information).

McIntyre Mines Limited—Falconbridge holds 175,825 shares (4.8% interest) in this company which

produces coal and has a large investment portfolio (For details, see separate basic card).

New Quebec Raglan Mines Ltd.—73.8% owned. Through wholly-owned **Société Minière Raglan du Québec Limitée** (formerly Raglan Quebec Mines Limited) holds 1,248 claims covering 77 sq. miles, Ungava region of northern Quebec. Extensive exploration was carried out on the properties between 1965 and 1983, with Falconbridge receiving preferred shares of the subsidiary and common shares of New Quebec Raglan for expenditures made. No exploration activity has been carried out since 1983 and further development will depend on improved markets for nickel and copper.

At Dec. 31, 1983, proven and probable reserves were estimated at 12,000,000 tons grading 3.11% nickel and 0.79% copper.

United Keno Hill Mines Limited—Falconbridge holds 1,195,989 shares (42.4% interest) in this company which owns several lead-zinc properties in the Mayo district, Yukon (For details, see separate basic card).

Western Platinum Limited—Falconbridge has 49% interest in this company which operates a producing platinum-nickel mine in South Africa. A base metals refinery was built and placed in operation in 1985, complementing the company's precious metals refining facilities.

Operating data for recent years follows:

	Tons Milled	Platinum* oz.	Nickel lbs.	Prod. val.■
		000		
1979	1,354	132	3,466	R42,496
1980	1,444	150	3,761	R57,783
1981	1,451	155	3,851	R51,732
1982	▲	174	4,418	R50,717
1983	▲	214	4,284	R87,942
1984	▲	263	4,325	R110,834
1985	▲	264	4,693	R167,182

*Includes all platinum group metals.

▲Unstated.

■ South African Rand equaled 55c Cdn. in 1985; 79c Cdn. in 1984; \$1.11 Cdn. in 1983; \$1.09 Cdn. in 1982; \$1.28 Cdn. in 1981; \$1.56 in 1980 and \$1.41 in 1979.

For 1985, net income increased to R37,900,000 from R24,600,000 in 1984. No dividends were paid in 1985; dividends totaled R2,904,000 in 1984.

HISTORY

The Falconbridge property was owned originally by the Longyear family of Michigan, but was later acquired by the Bennett interests of Minneapolis. A company was incorporated under Dominion charter in 1918 known as the Falconbridge Mines Limited, with a capitalization of 2,000 shares of no par value. From 1921 to 1928 the property was idle.

In July, 1928, Ventures Limited, with Sudbury Basin Mines Ltd. participating, purchased the property from the Bennett interests for \$2,500,000, and turned it over to Falconbridge Nickel Mines, Ltd. (incorporated in Ontario on Aug. 28, 1928), together with \$250,000 cash, in consideration for 2,750,000 shares of Falconbridge. The agreement between Ventures Limited and Sudbury Basin Mines Ltd. provided that 1,250,000 of these shares be taken up by Sudbury Basin for \$600,000 cash and 800,000 Sudbury Basin shares.

In 1943, Ventures Limited acquired the assets of Sudbury Basin Mines, including all that company's share holdings, except its shares in Ontario Pyrites Co.

In 1929, the nickel refinery at Kristiansand, Norway, was purchased for \$379,713, with Ventures Limited acting as intermediary in the transaction. This refinery is operated by a subsidiary of the company.

During 1934, the property formerly owned by the Sudbury Nickel and Copper Company was acquired for 40,052 shares of the company's stock. Sudbury Nickel and Copper Company, Limited, owned or controlled approximately 3,751 acres of patented claims in the Sudbury nickel range near Sudbury, Ont. It also owned a 50% interest in 503 acres and a third interest in 40 acres, both likewise patented, in the same area. It also

had the whole interest in 3,320 acres and a half-interest in 640 acres, both unpatented. In subsequent years a number of other groups have been acquired.

Under an offering of rights made to shareholders of record Sept. 5, 1952, to purchase one additional share at \$14 for each 10 shares held, a total of 266,025 shares was subscribed for. In addition, 75,000 shares which Ventures Limited were entitled to subscribe for under the offering were underwritten at the same price and 40,000 of these were taken up in May, 1953. The remaining 35,000 shares were taken up in 1953 and 1954.

In January, 1962, Falconbridge acquired the major assets of Ventures Limited (including its substantial investment portfolio) for a consideration of 738,527 shares. At that time, the company also assumed the unexercised warrants from Ventures' 4½% sinking fund debentures and these warrants became evidenced by warrants on 21,041 Falconbridge shares at U.S. \$19.23 a share. The warrants were all exercised by the end of 1969.

In 1964, Falconbridge purchased a 7.4% interest (175,825 shares) in McIntyre Mines for \$10,175,000.

In 1970, under an agreement with Lonrho Limited, Falconbridge acquired a 49% equity position in Western Platinum Limited, with Lonrho retaining almost all of the remaining 51%. As contemplated in the 1970 agreement, Falconbridge subsequently transferred 24% interest in Western Platinum to The Superior Oil Company (a predecessor of Mobil Exploration and Producing North America Inc., now a wholly-owned subsidiary of Mobil Corporation). Falconbridge re-acquired the 24% interest in 1986.

In August, 1975, Falconbridge sold its holdings in Kilembe Copper Cobalt Ltd. to Rengold Mines Ltd. for \$2,059,950 of which \$705,206 paid on closing with balance payable in instalments in 1976, 1977 and 1978.

Effective Jan. 1, 1976, Indusmin Limited through wholly owned Fahralloy-Wisconsin Ltd. purchased Falconbridge's wholly-owned Fahralloy Canada Ltd. for \$5,800,000.

In 1976, the Quebec Government paid \$1,324,000 for the land and partially completed installations of the company at Becancour, Que.

On Dec. 31, 1977, the company sold its investment in Alminex Ltd. (3,823,871 shares or 49.9% interest) to Canadian Superior Oil Ltd. for 294,143 shares of Canadian Superior (with a market value of \$17,465,000) and \$26,767,000 cash.

In September, 1978, the company sold its investment in Dunraine Mines Ltd. (1,068,558 shares or 48.6% interest) to 386606 Ontario Ltd. for \$150,000.

In 1980 the company sold its interest in Canadian Superior Oil Ltd. for cash and shares in The Superior Oil Company of Houston, Texas, resulting in a gain of \$37,700,000. Also in 1980, the charter of wholly-owned subsidiary Westrob Mines Limited was surrendered; the Westrob mine is now a Falconbridge division.

Effective Apr. 21, 1982, the company's name was changed from Falconbridge Nickel Mines Limited to Falconbridge Limited.

Late in 1982, the company sold its 74.9% interest in Oamites Mining Co. (Pty.) Ltd. for approximately \$900,000.

In 1984, Falconbridge tendered all of its shares of The Superior Oil Company under an offer made by Mobil Corporation. For each share tendered the company received US\$20 per share and US\$25 in 14.40% Mobil debentures due 2004. Falconbridge held 2,033,965 Superior shares.

On Aug. 31, 1984, the company made an offer to purchase for \$35 per share the 340,571 outstanding shares it did not already own of Indusmin Limited. Effective Oct. 24, 1984, the offer was completed and Indusmin became a wholly owned subsidiary of Falconbridge Limited.

In 1985, this wholly owned subsidiary became a division of Falconbridge.

On June 3, 1985, the company announced that it had reached an agreement with International Minerals and Chemical Corp. of New York to purchase the shares of IMC Industry Group (Canada) Ltd., whose major asset

is its nepheline syenite operation adjacent to the operations of Indusmin Ltd. at Nephton, Ont. Terms of the purchase were undisclosed and closing was scheduled for June 28.

In May, 1985, Dome Mines purchased 3,263,600 (7.8%) common shares of Falconbridge Ltd. from subsidiaries of Mobil Corp. of New York at \$19.87 per share for a total consideration of \$64,862,063. Dome Mines also purchased 1,942,543 common shares (53%) of McIntyre Mines Limited which owned approximately 22.2% of the common shares of Falconbridge, giving Dome Mines Ltd. an aggregate direct and indirect voting interest in Falconbridge of approximately 30%.

On Jan. 24, 1986, Falconbridge sold its entire holding of 3,331,203 shares (56.7% interest) of Kiena Gold Mines Ltd. to Campbell Red Lake Mines Ltd. for cash consideration of \$86,600,000 and a net after-tax profit of \$42,000,000.

In March 1986, the company acquired all outstanding shares of Kidd Creek Mines Ltd. from Canada Development Corporation for total consideration of \$615,000,000, satisfied by \$140,000,000 in cash, by issuance of 10,473,568 Falconbridge shares valued at \$19.50 per share (\$204,234,576) and by issuance of \$270,765,424 of 8½% 20-year convertible debentures (convertible into Falconbridge common shares at \$21.95 per share). Prior to the closing of the transaction, Kidd Creek transferred certain of its assets to CDC. On closing of the transaction CDC held 20% (35.3% fully diluted) of Falconbridge, outstanding stock.

In August 1986, Falconbridge completed the sale of its investments in Giant Yellowknife Mines Ltd. and Akaitcho Yellowknife Gold Mines Ltd. to Pamour Inc. The 824,413 shares (19.2% interest) of Giant Yellowknife were sold for \$19.06 per share; and the 1,198,230 shares (36.7% interest) of Akaitcho Yellowknife were sold for \$1.03 per share. Net gain from the transactions was about \$8,000,000.

Also in August 1986, the company sold its entire investment in Corporation Falconbridge Copper (6,673,296 shares or approximately 50% interest) to Kerr Addison Mines Ltd. for \$18.00 per share. Gross proceeds amounted to \$120,119,328, and net proceeds were \$35,987,000.

In October 1986, Canada Development Corporation made a secondary offering of its 10,473,568 Falconbridge shares. CDC sold 6,928,378 units to the public at \$20.25 per unit. Each unit comprised one Falconbridge share and one-half a deferred payment right. Two deferred payment rights entitle the holder to purchase one Falconbridge share at \$19.75 to Dec. 31, 1987. Following the sale of these Falconbridge shares, CDC still held \$270,765,424 of 8½% convertible debentures of Falconbridge, which if converted to Falconbridge common shares, would represent approximately 15% interest (fully diluted) in the company.

In November 1986, Falconbridge re-acquired 24% equity interest in Western Platinum Ltd. which it had sold to Superior Oil (now Mobil Corporation) in 1970. Consideration was US\$31,600,000. Falconbridge now has 49% equity interest in Western Platinum.

ACCOUNTING CHANGES

In 1979, the company adopted equity accounting method for certain subsidiaries previously carried at cost. Restated accounts for 1978 reflecting this change and certain income tax adjustments based on reassessments for 1974 and prior years showed net income of \$5,818,000 or 22 cents per share.

Effective Jan. 1, 1984, the company adopted the recommendations of the Canadian Institute of Chartered Accountants for foreign currency translation. This change from the current/non-current method was applied retroactively and increased 1984 earnings by \$672,000 or nine cents per share, increased 1983 loss by \$1,285,000 or 19 cents per share and 1982 loss by \$2,910,000 or 59 cents per share.

In June, 1984, the company adopted the first-in, first-out (FIFO) basis for valuation of inventories. Previously, inventory had been valued on the last-in, first-out (LIFO) basis. The change was applied retroactively and increased 1984 earnings by \$2,121,000 or 29 cents per share, increased the 1983 loss by \$1,766,000 or \$1.74 per share and decreased the 1982 loss by \$6,885,000 or \$1.39 per share.

OFFICERS AND DIRECTORS

Officers—William James, chm., pres. & CEO; J. F. Gillies, v-p mktg. and sales; J. M. Donovan, v-p. treas.; L. C. Kilburn, v-p explor., develop. and Precious Metals ops.; F. G. T. Pickard, v-p metallurgy and engineering; M. P. Amsden, v-p & gen. mgr. Kidd Creek ops.; G. B. Reed, v-p & gen. mgr. Sudbury ops.; M. C. Hughes, v-p mkt. & sales, Kidd Creek; Michael Knuckey, v-p expl.; Oyvind Hushovd, cont.; E. A. Seth, gen. counsel & sec.; T. J. Desanti, asst. v-p Commodity Marketing; K. B. Morley, asst. treas.; R. D. Burrow, J. G. Willson, asst. cons.

Directors—William James, M. A. Cooper, R. E. Harrison, W. F. James, G. P. Mitchell, V. A. Rice, V. N. Stock, H. A. Hampson, Toronto; B. M. King, F. M. Fell, Don Mills, Ont.; H. T. Berry, Willowdale, Ont.; D. E. Lewis, J. H. Macdonald, Calgary; Pierre Côté, Quebec City; Eivind Wigstol, Kristiansand, Norway.

CAPITAL STOCK

(At Dec. 31, 1985)

	Author	Outstand.
Preference	Unlimited	nil
Common	Unlimited	41,894,275 shs.

*Of which 143,620 shares were held by a subsidiary.

Note—Effective May 3, 1985, common shares were split on a 5-for-1 basis.

Options—Outstanding at Dec. 31, 1985, on 763,125 shares exercisable at \$11.43 and \$13.77 per share at various dates to Aug. 30, 1993.

Warrants issued under 1983 unit offering (see Changes in Capital Stock) entitle holders to purchase a total of 5,000,000 new common shares at \$13.10 per share to Feb. 5, 1987.

Common—One vote per share.

CHANGES IN CAPITAL STOCK

Upon incorporation in 1928 capital consisted of 5,000,000 shares of \$1 par value. Shortly after incorporation the shares were changed to 5,000,000 shares of no par value on a share-for-share basis.

By S.L.P. dated Apr. 8, 1970, authorized capital was increased to 7,000,000 shares of no par value.

On July 20, 1976, shareholders authorized amendment of the articles of the Corporation by designating the 7,000,000 issued and unissued shares without par value as common shares and by increasing authorized capital by creation of 3,000,000 preference shares of the par value of \$25 each, issuable in series.

On Apr. 13, 1977, Certificate of Amendment was issued altering the authorized capital by redesignating the existing 7,000,000 common shares as class A convertible shares and by increasing the authorized capital by creation of 1,000 class B convertible shares and 1,000 common shares.

In August, 1977, the company issued 3,000,000 shares variable rate cumulative redeemable preference shares to a Canadian chartered bank for \$75,000,000.

Effective Apr. 15, 1980, class A and B convertible shares were redesignated as common stock. Authorized capital was increased to 10,000,000 preference and 25,000,000 common shares.

The 3,000,000 variable rate preference shares were called for redemption on Dec. 30, 1980.

Outstanding stock at Dec. 31, 1982, comprised 5,024,755 common shares.

On Feb. 8, 1983, the company sold 2,000,000 units to the public (each unit comprising one common share

and 1/2 common share purchase warrant) at \$55 per unit, to net \$103,145,000. Outstanding stock was thereby increased to 7,024,755 common shares.

On Jan. 18, 1984, the company sold 230,000 common shares for \$71.50 per share, to net \$15,800,000.

At the Annual and Special Meeting of shareholders on Apr. 19, 1984, resolutions were passed to delete the par value of preference shares and to provide for an unlimited number of common and preference shares authorized for issuance in each class.

In June, 1984, the company issued 7,500 units at a price of \$1,070 per unit. Each unit entitled the subscriber to earn 10 common shares at the rate of one share for each \$107 spent on Canadian exploration expenses.

At Dec. 31, 1984, there were a total of 7,266,930 common shares outstanding.

In January, 1985, the company completed two issues of flow through units. One issue, relating to exploration programs on various properties in Canada, provides the right to earn common shares at the rate of one share for each \$140 of subscribers funds, including interest, expended during 1985. Gross proceeds were \$5,600,000. The second issue relating to exploration programs in Quebec, provides the right to earn common shares at the rate of one share for each \$245 of subscribers funds, including interest, expended during 1985. Gross proceeds of this issue were \$3,675,000.

On Mar. 6, 1985, the company sold 1,000,000 common shares at \$93 per share.

Effective May 3, 1985, common shares were split on a five-for-one basis.

In December 1985, the company completed an issue of flow-through units providing the right to earn common shares at the rate of one share for each \$41.25 of subscribers funds expended to Mar. 31, 1986. Gross proceeds were \$903,000.

At Dec. 31, 1985, the company had 41,894,275 common shares outstanding, including 143,620 shares held by a subsidiary company and excluding 156,830 shares to be issued.

In March 1986, the company issued 10,473,568 shares to Canada Development Corporation as partial consideration for the acquisition from that company of Kidd Creek Mines Ltd.

Subsequently, in October 1986, Canada Development Corporation made a secondary offering of its 10,473,568 Falconbridge shares, through the sale of 6,982,378 units at a price of \$20.25 per unit. Each unit comprised one Falconbridge common share and one-half a deferred payment right. Two deferred payment rights entitle the holder thereof to purchase one Falconbridge common share (still held by CDC) at \$19.75 per share to Dec. 31, 1987. Underwriters for the unit offering were Wood Gundy Inc., McLeod Young Weir Ltd., Merrill Lynch Canada Inc. and Gordon Capital Corporation.

Also in March 1986, the company sold 6,600,000 shares to underwriters Dominion Securities Pitfield Ltd., Wood Gundy Inc., Burns Fry Ltd. and Gordon Capital Corporation at a price of \$20.75 per share. Of the 6,600,000 shares, 5,000,000 were sold to the public and 1,600,000 were sold to major shareholder Dome Mines Ltd.

PRICE RANGE OF STOCK

Common†

Year	High	Low	Year	High	Low
1974	\$69.75	\$23.00	1980	\$161.00	\$79.00
1975	32.25	24.25	1981	116.00	57.00
1976	45.00	29.25	1982	74.00	32.50
1977	39.75	16.50	1983	88.00	47.38
1978	36.25	16.63	1984	88.00	55.75
1979	91.75	32.00	1985	*21.50	*15.50

†Designated as class A convertible stock, Apr. 13, 1977 to Apr. 15, 1980.

*Adjusted for 5-for-1 split in May.

Class B convertible shares, listed May 16, 1977, and delisted Apr. 29, 1980 traded within the same price range as the class A convertible shares.

Warrants

(FL.WT)

Year	High	Low	Year	High	Low
1983*	39.25	16.50	1985	\$47.50	\$21.50
1984	32.50	16.00			

*Listed Feb. 11.

Deferred Rights

(FL.R)

Year	High	Low
1986*	\$2.90	\$2.10

*Listed Oct. 15; to Nov. 24.

DIVIDENDS

Restrictions—Payment of dividends on the company's common stock is restricted by certain provisions of the 8.85% debentures. At Dec. 31, 1985, no portion of retained earnings was so restricted.

Common—No dividends are being paid at present. Latest payment was 50 cents per share made Sept. 30, 1981.

For a record of dividends paid since the initial payment in 1933, see table below and Historical Summary.

Variable Rate Preference Series A—Was entitled to quarterly dividends at a rate equal to half the bank's prime rate plus 1.5% calculated quarterly. All shares were redeemed Dec. 30, 1980. For a record of dividends paid, see table below.

DIVIDENDS PAID

Common■

Year	Per Sh.	Year	Per Sh.
1973	\$0.25+0.75	1979	\$3.00
1974	1.00+1.00	1980	2.50+1.00
1975-76	1.00	1981	1.50
1977	0.50	1982-85	nil
1978	nil		

■ Designated as class A Apr. 13, 1977 to Apr. 15, 1980.

Class B■

1977	*\$0.25	1979	\$3.00
1978	nil	1980	1.00+1.00

■ Redesignated as common Apr. 15, 1980.

*Tax-deferred.

Preference

1977	\$0.564	1979	\$1.97
1978	1.577	1980*	2.158

*Redeemed Dec. 30, 1980.

LONG-TERM DEBT

Maturities and sinking fund requirements (stated at 1985 year-end rates of exchange) for the next five years are as follows: 1986, \$14,274,000; 1987, \$9,753,000; 1988, \$9,777,000; 1989, \$98,374,000; and 1990, \$10,389,000.

7½% Sinking Fund Debentures:

Dated Feb. 24, 1971; due Feb. 24, 1991.

Principal and half-yearly interest (Feb. and Aug. 24) payable in Canadian funds at any branch in Canada of the bank designated in the debentures, at the holder's option.

Authorized and issued \$50,000,000; outstanding at Dec. 31, 1985, \$33,094,000.

Denominations—Coupon debentures registrable as to principal only in denominations of \$1,000 and as fully registered debentures in denominations of \$1,000 and multiples thereof.

Trustee—Canada Permanent Trust Company.

Redeemable—In whole or in part, for other than sinking fund purposes, on 30 days' notice at the following percentages of principal amount, on or before Feb. 24 in each year.

1972 .. 107.25	1977 .. 104.75	1982 .. 102.25
1973 .. 106.75	1978 .. 104.25	1983 .. 101.75
1974 .. 106.25	1979 .. 103.75	1984 .. 101.25
1975 .. 105.75	1980 .. 103.25	1985 .. 100.75
1976 .. 105.25	1981 .. 102.75	1986 .. 100.25

and thereafter at par to maturity; in each case plus accrued interest to date fixed for redemption. For sinking fund purposes redeemable at par plus accrued interest. The company may not redeem the 7½% debentures prior to Feb. 24, 1986, as part of a refunding operation having an interest cost of less than 7.80% per annum.

The company may purchase the 7½% debentures in the market or by tender or by private contract at prices not exceeding the current redemption rate plus accrued interest and costs of purchase. All such purchases shall be available to the company as a sinking fund credit.

Sinking Fund—Sufficient to retire \$1,250,000 principal amount of the 7½% debentures on Aug. 24 in each of the years 1977 to 1990, inclusive. In addition, the company will have the right to make optional sinking fund payments sufficient to retire on Aug. 24 in each of the years 1977 to 1990, inclusive, up to an additional \$1,750,000.

Security—A direct obligation of the company, not secured by any mortgage, pledge, hypothec or other charge.

Restrictions—Additional indebtedness which may be issued or incurred by the company or its subsidiaries will not be limited by the Trust Indenture. However, certain restrictions presently exist under the Falconbridge financing agreement (held with subsidiary, Falconbridge Dominicana, C. por A.) as defined.

Purpose of Issue—Net proceeds used for capital expenditure program, bank loan reduction, and advances and investments in subsidiaries and other companies.

Offered—In February, 1971, at 99.50 and accrued interest by a group headed by Dominion Securities Corporation Ltd. and Harris & Partners Ltd.

8.85% Sinking Fund Debentures:

Dated May 1, 1971; due May 1, 1996.

Principal and half-yearly interest (May 1 and Nov. 1); payable in U.S. funds.

Authorized and issued US\$50,000,000; outstanding at Dec. 31, 1985, US\$17,204,000 (Cdn\$19,273,000).

Denominations—Non-coupon debentures registrable as to principal only in denominations of US\$1,000 and multiples thereof.

Trustee—Security Pacific National Bank of Los Angeles, California.

Redeemable—In whole or in part, for other than sinking fund purposes, on 30 days' notice at the fol-

lowing percentages of principal amount, on or before May 1 in each year:

1972 .. 108.85	1979 .. 105.75	1986 .. 102.66
1973 .. 108.41	1980 .. 105.31	1987 .. 102.21
1974 .. 107.97	1981 .. 104.87	1988 .. 101.77
1975 .. 107.52	1982 .. 104.43	1989 .. 101.33
1976 .. 107.08	1983 .. 103.98	1990 .. 100.89
1977 .. 106.64	1984 .. 103.54	1991 .. 100.44
1978 .. 106.20	1985 .. 103.10	

and thereafter at par to maturity; in each case plus accrued interest to date fixed for redemption. For sinking fund purposes redeemable at par plus accrued interest.

Sinking Fund—Sufficient to retire US\$3,000,000 principal amount of the 8.85% debentures on May 1 in each of the years 1981 to 1995, inclusive. Company reserves the right to deliver debentures in lieu of cash. In addition, the company will have right to make optional sinking fund payments in any year by an amount not exceeding US\$3,000,000.

Security—A direct obligation of the company.

Restrictions—Additional indebtedness which may be issued or incurred by the company or its subsidiaries will not be limited by the Trust Indenture. However, certain restrictions exist under the Trust Indenture including restrictions against transfer of principal properties or shares of subsidiaries, and payment of dividends.

Purpose of Issue—Net proceeds used for capital expenditure program, bank loan reduction, general corporate purposes, and advances and investments in subsidiaries and other companies.

Offered—Offered in June, 1971, at par plus accrued interest in the United States by a group headed by Dillon, Read & Co. Inc. of New York.

8.5% Convertible Debentures:

Falconbridge issued \$270,765,424 of 8.5% convertible debentures, due 2006, to Canada Development Corporation in March 1986, as partial consideration for the acquisition of Kidd Creek Mines Ltd. The debentures are convertible into Falconbridge common shares at a conversion price of \$21.95 per share.

Bank Loans—Outstanding at Dec. 31, 1985, US\$64,200,000 (Cdn\$89,491,000) in two bank loans as follows: US\$24,200,000 due Dec. 31, (Cdn\$33,559,000) due Dec. 31, 1989, under Cdn\$180,000,000 line of credit bearing interest at LIBOR plus ½ of 1% (8.69% at Dec. 31, 1985); and US\$40,000,000 (Cdn\$55,932,000) due Dec. 31, 1989, under a committed line of credit for US\$40,000,000 bearing interest at 15.88% to Dec. 31, 1986, after which time interest will be fixed at the rate in effect at that time.

Kidd Creek Mines Ltd.

Pursuant to the acquisition of Kidd Creek Mines Ltd. by Falconbridge in March 1986, Falconbridge acquired \$714,771,000 of Kidd Creek's outstanding long-term debt at Dec. 31, 1985. Included in the debt then outstanding was \$14,956,000 of 10% public debentures; these debentures were redeemed June 15, 1986, when due.

Falconbridge Dominicana, C. por A.

Outstanding at Dec. 31, 1985, Cdn\$156,386,000 of which \$14,274,000 was due in one year.

Details follow:

8.73% Series C Sinking Fund Notes—Outstanding at Dec. 31, 1985, in the amount of US\$10,150,000 (Cdn\$14,193,000).

8.50% Series D Sinking Fund Notes—Outstanding at Dec. 31, 1985, in the amount of US\$34,000,000 (Cdn\$47,542,000).

All of the above, payable in U.S. currency, are due to Loma Corporation, a U.S. financing company, which issued secured and guaranteed sinking fund notes in the same principal amounts and at the same interest

rates as the above demand notes, due as follows: 8.73% series C, US\$5,080,000 semiannually 1981-86 (schedule of repayment reflecting a 1978 deferral of principal repayments of US\$15,240,000); and 8½% series D, US\$3,400,000 semiannually 1987-91.

Other—Also outstanding at Dec. 31, 1985, were \$65,235,000 in contingent monthly payment subordinated notes, plus \$28,882,000 interest thereon, repayable in U.S. funds at interest rates varying from 11.5% to 21%, and due no later than Dec. 15, 1991 (weighted average at Dec. 31, 1985, was 14.04%); and \$534,000 in other debt repayable in various currencies at rates from 7% to 10.5% over various terms to 1991.

All loans are secured by a first mortgage on the assets of Falconbridge Dominicana (Falcondo) and by a contract under which Falconbridge Ltd. has agreed to buy all ferronickel of commercial value produced.

Falconbridge is also obligated to provide 60% of the funds required by Falcondo to meet its operating costs and debt service obligations if production and other receipts are insufficient. To Dec. 31, 1985, the company had been required to provide funds totaling US\$97,853,000, representing its 60% of Falcondo's capital expenditures; these funds are evidenced by notes repayable only under certain circumstances and at interest rates related to the U.S. prime rate. The loans from Loma Corporation are covered by a specific risk insurance issued by the Overseas Private Investment Corp.

Falconbridge has pledged all of its holdings of Falcondo shares against repayment of the Loma series C demand mortgage notes. In addition, the company directly guarantees repayment of 60% of the Loma series D notes.

OPERATING DATA Nickel Operations

Fiscal Year	Tons Milled	Sudbury Operations			Refinery Operations		
		Metals Contained, lbs.	Copper	Cobalt 000's	Metals Produced, lbs.	Copper	Cobalt
1979	2,762	55,122	43,387	1,336	67,652	46,219	2,102
1980	3,262	66,495	53,339	1,394	81,843	56,846	2,811
1981	3,042	62,728	55,754	1,372	81,466	57,487	3,184
1982*	1,700	36,083	32,901	831	56,951	39,775	2,186
1983	3,000	61,941	60,615	1,452	63,094	50,056	1,938
1984	3,200	71,039	70,828	1,791	78,371	66,851	2,625
1985	3,200	69,201	59,059	2,170	82,702	68,506	3,609

*Operations shut down from June 27, 1982, to Jan. 2, 1983.

Wesfrob Mining Division

Statistical summary of the Wesfrob mine follows:

Fiscal Year	Tons Milled	Concentrates, Tons		Prod. Value, \$	Net Income, \$
		Iron	Copper 000's		
1968		692	27	12,183	4,258
1969		944	33	19,716	7,618
1970		1,071	42	19,515	6,879
1971		1,056	29	15,163	899
1972		637	12	8,016	▲3,539
1973		910	13	12,979	2,141
1974		912	10	12,450	643
1975		995	11	13,571	d1,335
1976		775	12	12,056	d347
1977		425	6	8,298	d2,217
1978		508	13	13,222	538
1979		1,116	18	21,069	4,674
1980		1,098	12	18,473	1,503
1981		1,112	15	18,104	d1,089
1982		1,000	▲	21,753	d214
1983		▲	547	16,183	d1,909
1984					d924
1985					d155

●Before consolidation adjustments. Excludes extraordinary items when stated separately.

■Wesfrob Mining Co. Ltd. 1968-80. The mine permanently ceased production in October, 1983.

▲Unstated.

STATEMENT OF SUPPLEMENTARY INFORMATION
Year ended Dec. 31, 1983

	Nickel Ops.*	Falc. Copp†	FDC▲	Indusmin \$000's	Kiena	Other■	Total
Revenues	309,979	84,230	114,415	60,315	31,522	14,926	615,387
Less: Cost of sales	234,834	73,455	109,938	40,978	18,327	8,423	485,955
Selling exps., etc.	22,192	1,917	8,757	7,031	964	1,909	42,770
Devel. & preprod.	11,690	2,921	1,542	32	832	●422	16,595
Deprec. & depletion	15,596	2,712	7,139	2,793	778	2,234	31,252
Other	11,479	1,511	.....	.....	.....	4,274	17,264
Oper. profit	14,188	1,714	d12,961	9,481	10,621	d1,472	21,551
Less: Int. & other exps.	729	●8,506	27,007	●75	23	4,349	23,527
Exploration exps.	1,180	11,682	240	108	150	5,605	18,965
Research & devel.	3,189	.....	.....	205	.....	.....	3,394
Add: Invest. income	.....	.....	.....	.....	.....	6,277	6,277
Less: Inc., other taxes	3,407	●1,423	.....	4,183	4,700	549	11,416
Net income	5,683	d39	d40,208	5,060	5,748	d5,718	d29,474
Net to Falconbridge	5,683	28	d26,699	3,533	4,036	d4,939	d18,358

Year ended Dec. 31, 1984

	Nickel Ops.*	Falc. Copp†	FDC▲	Indusmin \$000's	Kiena	Other■	Total
Revenues	393,478	86,105	157,703	65,788	30,560	d322	733,312
Less: Cost of sales	258,714	73,540	123,674	46,830	19,582	●1,553	520,787
Selling exps., etc.	24,492	2,077	14,789	7,004	866	790	50,018
Devel. & preprod.	17,254	3,517	1,924	31	1,345	●403	23,668
Deprec. & depletion	17,002	3,294	8,836	2,677	1,295	255	33,359
Other	6,976	394	.....	.....	.....	1,069	8,439
Oper. profit	69,040	3,283	8,480	9,246	7,472	d480	97,041
Less: Int. & other exps.	●9,350	●6,562	17,846	●1,861	●1,198	5,047	3,922
Exploration exps.	1,677	9,993	94	132	804	11,228	23,928
Exchange loss	9,873	.....	.....	.....	.....	4,937	14,810
Research & devel.	2,952	.....	.....	288	.....	.....	3,240
Add: Invest. income	.....	.....	.....	.....	.....	664	664
Less: Inc., other taxes	20,025	●1,039	.....	4,337	3,538	●4,700	22,161
Net income	43,863	891	d9,460	6,350	4,328	d17,656	28,316
Net to Falconbridge	43,863	499	d7,241	4,102	2,454	d14,983	28,694

Year ended Dec. 31, 1982

	Nickel Ops.*	Falc. Copp†	FDC▲	Indusmin \$000's	Kiena	Other■	Total
Revenues	531,497	102,811	170,294	60,780	29,787	d4,922	890,247
Less: Cost of sales	411,048	86,198	133,123	44,359	16,778	●10,428	681,078
Selling exps., etc.	27,275	1,445	8,689	7,315	886	5,005	50,615
Devel. & preprod.	19,065	4,953	2,029	32	4,129	●303	29,905
Deprec. & depletion	18,673	6,153	8,393	2,924	2,091	706	38,940
Other	7,351	.....	1,048	.....	.....	472	8,871
Operating profit	48,085	4,062	17,012	6,150	5,903	d374	80,838
Less: Int. & other exps.	●18,231	●6,578	30,527	274	●401	●12,932	●7,341
Exploration exps.	3,624	10,210	108	172	1,127	19,182	34,423
Research & devel.	4,379	.....	.....	227	.....	.....	4,606
Exchange loss	549	.....	.....	.....	.....	275	824
Add: Invest. income	.....	.....	.....	.....	.....	879	879
Less: Inc., other taxes	18,824	245	.....	2,306	1,399	●11,132	11,642
Net income	38,940	185	d13,623	3,171	3,778	5,112	37,563
Net to Falconbridge	38,940	1,019	d7,148	3,086	2,142	504	38,543

*Integrated nickel operations in Canada.

▲Falconbridge Dominicana. ●Credit.

■ Includes unallocated corporate expenses, consolidation adjustments and other minor operating companies.

INTERIM EARNINGS

Fiscal Year	3 months			6 months			9 months		
	Revenue	Net Inc. Oper.	Earns. Per Sh.*	Revenue	Net Inc. Oper.	Earns. Per Sh.*	Revenue	Net Inc. Oper.	Earns. Per Sh.*
	—\$000's		—\$—	—\$000's		—\$—	—\$000's		—\$—
1979 ..	172,019	17,102	0.63	370,198	43,559	1.64	543,218	67,482	2.54
1980 ..	240,017	34,015	1.30	423,180	52,841	1.99	579,452	61,521	2.28
1981 ..	184,077	8,732	0.35	384,383	16,524	0.66	566,596	17,169	0.69
1982 ..	119,255	d12,913	d0.52	251,194	d29,086	d1.17	361,345	d56,033	d2.25
1983 ..	128,382	d22,093	d0.72	301,955	d29,377	d0.90	438,506	d30,500	d0.91
1984 ..	168,188	8,950	0.25	355,884	16,261	0.45	528,891	19,663	0.55
1985 ..	216,299	12,228	0.32	461,362	27,268	0.69	667,305	30,943	0.77
1986 ..	292,412	d17,144	d0.31	582,119	d27,207	d0.48	861,034	d21,613	d0.37

*Adjusted throughout to reflect 5-for-1 split, May, 1985.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
Years Ended December 31

	1985	▲1984	▲1983
	—\$000's		
Cash provided by (used for) Operations:			
Cash provided by operating activities	126,812	103,071	11,168
Cash provided by (used for) Financing:			
Issue of units, shs., wts.	99,833	25,478	103,395
Reduction of l-t debt.	(12,923)	(235,785)	(11,279)
Proceeds subsid. sh., rts. offerings	11,394	4,546	23,691
	98,304	(205,761)	115,807
Cash provided by (used for) Investments:			
Additions to fixed assets	(43,476)	(52,683)	(24,321)
Devel., preprod. expenses	(56,236)	(50,077)	(22,128)
Sale of fixed assets	4,033	5,624	7,715
Invest. in subsidiaries	(7,867)	(13,428)	.....
Decr. in other assets .....	.....	(460)	(848)
Proceeds sale of invests. ....	.....	119,235	.....
	(103,546)	8,211	(39,582)
Increase (decrease) in cash during yr.	121,570	(94,479)	87,393
Cash at beginning of year	189,032	283,511	196,118
Cash at end of year	310,602	189,032	283,511

▲As shown in the 1985 annual report.

**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR YEARS ENDED DECEMBER 31**

	1985	1984	1983	1982	1981	1980	1979
	(\$000's)						
Revenues	890,247	733,312	615,387	483,126	712,952	757,815	789,418
Less: Operating expenses	731,693	570,805	528,725	439,880	597,684	495,907	503,219
	158,554	162,507	86,662	43,246	115,268	261,908	286,199
Add: Interest & other inc.	47,380	53,094	32,674	42,927	32,575	37,466	21,815
Less: Deprec. & depl.	38,940	33,359	31,252	33,296	32,808	30,311	31,613
Dev. & preprod. exps. w/o	29,905	23,668	16,595	17,905	26,755	23,820	11,019
Interest expenses	40,039	57,016	56,201	67,823	51,344	39,112	36,085
Exploration exps.	34,423	23,928	18,965	28,806	37,964	28,284	14,297
Research, etc., exps.	4,606	3,240	3,394	5,769	11,105	6,636	3,960
Other	8,871	8,439	17,264	75,531	2,963	15,306	.....
Net before tax., other items	49,150	65,951	d24,335	d142,957	d15,096	155,905	211,036
Less: Income & mining taxes:							
Current	4,661	1,817	7,110	1,556	3,458	48,227	54,100
Deferred	6,981	20,344	4,306	▲38,131	▲1,246	31,873	36,898
Exchange loss retirement							
I.-t. debt	824	14,810	.....	.....	.....	.....	.....
Minority interest	▲980	▲378	▲11,116	▲22,535	▲9,636	13,971	27,066
Add: Invest. income	879	■664	6,277	d1,407	3,770	9,588	17,589
Net income, operations	38,543	28,694	d18,358	d85,254	d3,902	71,422	110,561
Add: Extraordinary item†	.....	51,492	14,816	.....	d5,122	37,700	20,000
Net income	38,543	80,186	d3,542	d85,254	d9,024	109,122	130,561
Add: Previous ret. earns.	401,918	307,808	318,205	403,459	419,952	334,732	223,074
Adjustment (net)*	.....	14,986	.....	.....	.....	.....	1,946
Less: Dividends	.....	.....	.....	.....	7,469	23,902	20,849
Com. shs. issue exp.	2,727	1,062	6,855	.....	.....	.....	.....
Retained earnings	437,734	401,918	307,808	318,205	403,459	419,952	334,732

▲Credit. ■ Subtract.

†In 1984, comprises a \$10,000,000 benefit resulting from recognition of previously unrecorded tax debits and a \$41,492,000 gain on sale of common shares of The Superior Oil Company (net of a \$13,830,000 provision for income taxes; in 1983, reflects the change in the company's interest in the net identifiable assets of Kiama Gold Mines Limited, resulting from the company's decision not to participate in this subsidiary's public share issue in 1983; in 1981, comprises share of writeoff of Venus project by United Keno Mines. In 1980, represents gain on sale of shares in Canadian Superior Oil Ltd. (net of \$12,583,000 taxes); and in 1979, comprises deferred income tax reduction on application of tax-loss carry-forward of prior losses.

Earnings Per Share▲:

(A) Based on net income, operations:

Pfcs.: Times earned	.....	.....	.....	.....	.....	.....	t18.70
Common: Earned*	\$0.95	\$0.80	d\$0.54	d\$3.42	d\$0.16	\$2.61	\$4.20

(B) Based on net income

Pfcs.: Times earned	.....	.....	.....	.....	.....	.....	t22.09
Common: Earned*	\$0.95	\$2.23	d\$0.10	d\$3.42	d\$0.36	\$4.12	\$5.01

▲Based on weighted average number of shares outstanding, excluding shares held by subsidiaries; common shares designated as A and B shares between Apr. 13, 1977 and Apr. 15, 1980.

*Adjusted throughout to reflect 5-for-1 split, May, 1985.

Dividends Paid:

Preference	.....	.....	.....	.....	.....	\$2.158	\$1.97
Common—none paid.	.....	.....	.....	.....	.....	.....	.....
Common (old)	.....	.....	.....	.....	\$1.50	1.50	.....
Class A	.....	.....	.....	.....	.....	1.00+1.00	3.00
Class B	.....	.....	.....	.....	.....	1.00+1.00	3.00

Shares Outstanding:

Preference	.....	.....	.....	.....	.....	.....	3,000,000
Common▲	*41,894,275	7,266,930	7,028,030	5,024,755	5,024,755	5,024,755	5,024,755

▲Common shares were designated class A and B convertible shares Apr. 13, 1977 to Apr. 15, 1980; outstanding stock in each year includes shares held by subsidiary companies.

*After 5-for-1 split in May, 1985.

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31

	1985	1984	1983	1982	1981	1980	1979
	\$000's						
Assets:							
Current:							
Cash & s.-t. invests. ■	310,602	190,374	294,511	196,253	290,363	243,080	259,353
Accts., settlements rec.	169,270	166,096	153,753	124,950	126,986	108,938	155,980
Metals' inventories	134,857	124,109	75,470	73,557	132,805	145,384	80,664
Supplies' inventories	45,874	40,793	39,317	43,701	51,006	50,923	40,369
	660,603	521,372	563,051	438,461	601,160	548,325	536,366
Investments:							
Shs. & equity ints. ▲*	32,793	30,935	96,147	94,492	96,965	100,415	57,310
Bonds, notes, advs.						27	27
Deposits & other assets	6,226	5,793	4,941	4,093	3,015	2,169	2,533
Debt disc. & fin. exp.					1,887	2,027	2,756
Deferred exchange loss	10,399	1,893					
Property, plant & equipment:							
Producing assets:							
Plant & equip., cost	831,997	786,092	685,766	683,931	700,521	663,122	626,579
Land & props., cost	19,066	19,252	20,165	20,625	25,235	24,613	24,248
Less: Deprec. & depl.	516,634	500,258	448,621	425,976	423,925	401,547	373,940
Add: Dev. & preprod.	235,336	200,090	113,473	117,570	119,661	104,323	87,749
	569,765	505,176	370,793	396,150	421,492	390,511	364,636
Non-producing assets:							
Falconbridge projects	9,746	5,148	104,591	95,803	82,823	65,529	38,420
Falconbridge Copper						231	24,356
Kiena project						8,916	2,763
Raglan projects	43,008	42,994	42,975	43,156	40,726	35,185	34,031
Other subs. projects	18,838	52,239	19,965	5,374	4,970	5,759	6,173
	71,592	100,381	167,531	144,333	128,519	115,620	105,743
	641,357	605,557	538,314	540,483	550,011	506,131	470,379
	1,351,378	1,165,550	1,202,453	1,077,529	1,253,038	1,159,094	1,069,371
Liabilities:							
Current:							
Bank debt		1,342	11,000	135	6,410	5,075	4,185
Accounts payable	77,938	59,671	66,693	54,350	67,067	96,197	72,770
Salaries & wages	23,886	21,364	19,986	18,335	29,023	23,169	17,976
Taxes payable	10,400	10,314	15,044	5,964	6,840	43,347	46,130
Long-term debt due	14,274	14,020	18,766	18,126	18,650	18,418	14,422
	126,498	106,711	131,489	96,910	127,990	186,206	155,483
Long-term debt	283,970	283,842	454,459	467,520	465,386	285,801	287,170
Deferred taxes	107,610	88,956	51,563	48,554	87,375	85,284	41,973
Minority interest	47,115	50,047	60,695	60,151	82,639	95,662	88,824
Shareholders' Equity:							
Capital stock●	318,307	219,632	196,439	86,189	86,189	161,189	161,181
Retained earnings	437,734	401,918	307,808	318,205	403,459	419,952	334,732
Cumulative translation adj.	30,144	14,444					
	1,351,378	1,165,550	1,202,453	1,077,529	1,253,038	1,159,094	1,069,371
▲Market value	36,440	30,404	144,472	121,309	126,622	186,304	145,452
●Includes common shares to be issued (156,830 shares valued at \$2,541,000 in 1985 and 75,000 pre-split shares valued at \$4,678,000 in 1984); excludes common shares held by subsidiaries (143,620 shares valued at \$2,746,000 in 1985, 28,724 pre-split shares valued at \$2,746,000 in 1984, and 45,483 pre-split shares valued at \$3,179,000 in 1983 and previously).							
■ At cost which approximates market value.							
‡ At carrying value, representing cost of the investments less amounts written off and reflecting interest in the earnings (losses) of certain companies which are accounted for on an equity basis.							
Working Capital (\$000's)	534,105	414,661	431,562	341,551	473,170	362,119	380,883
Ratio	5.22—1	4.89—1	4.28—1	4.52—1	4.70—1	2.94—1	3.45—1
Equities:							
Net worth* (\$000's)	800,334	646,014	563,076	441,591	529,685	598,586	590,621
Debents. per \$1,000	\$16,283	\$11,979	\$10,290	\$6,467	\$7,087	\$7,522	\$7,147
Pfcd., \$25 par							196.87
Common, n.p.v.■	19.17	17.85	16.13	17.74	21.28	24.04	20.71
* Available for capital stock. Based on shareholders' equity, with adjustments for difference between market and book value of securities. Debentures taken in at par for calculation of their equity. Preference shares deducted at par prior to calculation of common equity.							
■ Based on shares outstanding at the year-end, less shares held by subsidiary companies and not including shares to be issued. Designated class A and B convertible shares Apr. 13, 1977 to Apr. 15, 1980; adjusted throughout to reflect 5-for-1 split, May, 1985.							

HISTORICAL SUMMARY

(As originally stated in company's annual reports for the respective years)

Fiscal Year	Milled●	Refinery Prod. Nickel tons	Copper	Metal Sales 000's \$	Net Inc. Oper. 000's \$	Earns. Per Sh. \$	Divds. Paid Common Shares	Price Range High Low \$ \$
1928 ..								5.30 4.50
1929 ..								16.50 4.15
1930▲ ..	71,626	468	129					6.50 1.10
1931 ..	109,520	2,652	1,194					1.70 0.75
1932 ..	123,306	2,704	1,144	2,991	762	0.24		2.40 0.47
1933 ..	232,661	3,734	1,641	2,980	1,123	0.34		4.55 1.80
1934 ..	272,923	4,754	2,317	4,265	1,416	0.43	0.275	4.15 3.00
1935 ..	302,510	5,377	2,515	4,830	1,769	0.53	0.30	8.70 3.25
1936 ..	327,783	5,613	2,503	5,367	1,874	0.56	0.30	12.88 6.90
1937 ..	438,629	6,435	3,105	6,080	1,471	0.44	0.30	12.88 4.70
1938 ..	490,938	8,213	4,125	6,381	1,778	0.53	0.30	6.95 4.25
1939 ..	576,801	8,937	4,218	8,235	2,009	0.60	0.30	6.00 3.90
1940 ..	473,482	.....	.....	4,672	278	0.08	0.075	5.00 1.70
1941 ..	676,024	.....	.....	7,268	994	0.30	0.20	3.90 1.92
1942 ..	771,619	.....	.....	7,674	732	0.22	0.15	3.60 2.25
1943 ..	807,048	.....	.....	8,251	674	0.20	0.15	4.80 3.10
1944 ..	830,254	.....	.....	8,850	960	0.29	0.15	6.00 3.05
1945 ..	716,868	5,018	2,845	6,750	638	0.19	0.15	6.50 4.30
1946 ..	486,516	▼▼	▼▼	5,106	516	0.15	0.10	6.35 3.85
1947 ..	731,925	▼▼	▼▼	8,016	824	0.25	0.25	5.50 3.90
1948 ..	821,259	▼▼	▼▼	11,508	1,502	0.45	0.25+0.10	5.05 3.60
1949 ..	941,929	▼▼	▼▼	11,179	1,432	0.43	0.30+0.05	5.00 3.10
1950 ..	928,650	▼▼	▼▼	17,380	2,708	0.79	0.40	8.45 4.00
1951 ..	1,083,670	▼▼	▼▼	20,783	3,011	0.88	0.50	13.50 8.40
1952 ..	1,118,854	▼▼	▼▼	24,840	2,535	0.69	0.50	27.75 11.25

Fiscal Year	Milled●	Deliveries● Nickel tons	Copper	Metal Sales 000 \$	Net Inc. Oper. 000 \$	Earns. Per Sh. \$	Divds. Paid Common Shares*	Price Range High Low \$ \$
1953 ..	1,158,211	32,823	16,014	29,220	3,867	1.04	0.50	23.88 13.00
1954 ..	1,409,830	38,791	22,486	39,317	4,661	1.24	0.50	24.75 14.25
1955 ..	1,679,610	41,137	21,832	48,108	8,072	2.15	0.80+0.30	32.25 21.63
1956 ..	1,850,315	43,384	26,422	49,869	7,164	1.91	1.00+0.20	44.00 29.00
1957 ..	2,011,322	46,880	25,228	57,921	9,953	2.65	1.00+0.20	42.75 20.13
1958 ..	2,087,180	48,509	30,896	56,756	7,053	1.88	1.00+0.20	30.13 21.00
1959 ..	2,232,937	58,413	32,728	64,147	8,448	2.25	1.20	32.50 24.38
1960 ..	2,429,803	65,002	36,012	70,562	16,065	4.26	1.20+0.30	39.25 27.50
1961 ..	2,531,933	65,546	38,817	76,312	16,968	4.49	1.20+0.50	73.00 37.75
1962 ..	2,407,520	61,061	33,831	73,760	19,833	4.11	2.00+0.50	68.25 44.00
1963 ..	2,116,000	53,245	28,690	59,764	14,288	2.94	2.00+0.50	66.00 50.25
1964 ..	1,960,000	78,485	25,102	80,306	21,965	4.51	2.30+0.50	88.75 59.25
1965 ..	2,344,000	72,984	33,813	82,840	26,768	5.47	3.00+0.50	112.50 82.00
1966 ..	2,101,000	78,963	32,872	92,495	27,725	5.66	3.00+0.50	113.00 79.63
1967 ..	2,210,000	74,754	32,401	94,442	25,792	5.26	3.00+0.50	97.00 81.00
1968 ..	3,208,000	70,712	39,787	105,206	23,953	4.88	3.00+0.50	109.75 92.50
1969 ..	3,118,000	80,647	49,456	137,611	45,154	9.13	3.00+0.50	171.00 106.00
1970 ..	4,631,000	84,141	56,922	160,674	43,930	8.87	3.00+0.50	182.50 121.50
1971 ..	4,703,000	85,864	60,985	154,236	17,513	3.53	2.75	156.00 56.75
1972 ..	4,364,000	89,665	56,464	274,578	5,529	1.12	1.00	99.88 50.38
1973 ..	4,429,000	99,408	53,725	438,163	47,904	9.67	0.25+0.75	86.25 57.00
1974 ..	4,521,000	89,464	53,981	457,827	21,976	4.43	1.00+1.00	69.75 23.00
1975 ..	3,230,000	61,524	40,713	429,481	3,221	0.65	1.00	32.25 24.25
1976 ..	3,427,000	80,176	34,076	483,480	14,703	2.96	1.00	45.00 29.25
1977 ..	2,916,000	32,047	42,677	381,684	d29,223	d6.23	0.50	39.75 16.50
1978 ..	2,283,000	71,341	30,027	508,211	5,500	0.15	nil	36.25 16.63

Fiscal Year	Working Capital	Revenues	Cash Flow▼ 000's \$	Equity Income	Net Inc. Oper. 000's \$	Earns. Per Sh. \$	Divds. Paid Common Shares*	Price Range High Low \$ \$
1979 ..	380,883	789,418	208,334	17,589	110,561	21.01	3.00	91.75 32.00
1980 ..	362,119	757,815	167,991	9,588	71,422	13.04	2.50+1.00	161.00 79.00
1981 ..	473,170	712,952	49,968	3,770	d3,902	d0.78	1.50	116.00 57.00
1982 ..	344,551	483,126	d90,999	d1,407	d85,254	d17.12	.....	74.00 32.50
1983 ..	431,562	615,387	14,426	6,277	d3,542	d2.71	.....	88.00 47.38
1984 ..	414,661	733,312	*128,918	d664	28,694	3.98	.....	88.00 55.75
1985 ..	534,105	890,247	126,812	879	38,543	■ 0.95	.....	■ 21.50 ■ 15.50

▲Operations commenced Feb. 4, 1930.

*Includes investment income and, in 1940 insurance on lost shipments.

□ Includes 17,000,000 lbs. in 1966 and 4,770,000,000 lbs. in 1967 purchased from U.S. government stockpile and sold to customers at cost.

●Excludes custom treatment. Includes Manibridge Mines 1972-77. ▼▼Unstated.

*Designated as class A shares from Apr. 13, 1977 to Apr. 15, 1980.

■ Reflects 5-for-1 split in May 1985.

▶Cash provided by operating activities beginning in 1985.

(This information is obtained from sources we believe to be reliable, but is not guaranteed)
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